

# *M*arketing *M*anagement



## Chapter 7 – Analyzing Business Markets

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Course Code: Mkt 3123 (D,E)

*Contents Source: Kotlar, Keller, Koshy, Jha (2014) Marketing Management.*

*Forbes, The Economist, Wall Street Journal, Financial Times, Business Week, CNN Business*

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# What is Organizational Buying?

**Organizational buying** refers to the decision-making process by which formal organizations establish the need for purchased products and services, and identify, evaluate, and choose among alternative brands and suppliers.

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# Top Business Marketing Challenges

- Expand understanding of customer needs
  - Compete globally as China and India reshape markets
  - Master analytical tools and improve quantitative skills
  - Reinstate innovation as an engine of growth
  - Create new organizational models and linkages
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# Characteristics of Business Markets

- Fewer, larger buyers
  - Close supplier-customer relationships
  - Professional purchasing
  - Many buying influences
  - Multiple sales calls
  - Derived demand
  - Inelastic demand
  - Fluctuating demand
  - Geographically concentrated buyers
  - Direct purchasing
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# Buying Situation

Straight rebuy

Modified rebuy

New task



# The Buying Center

Initiators

Users

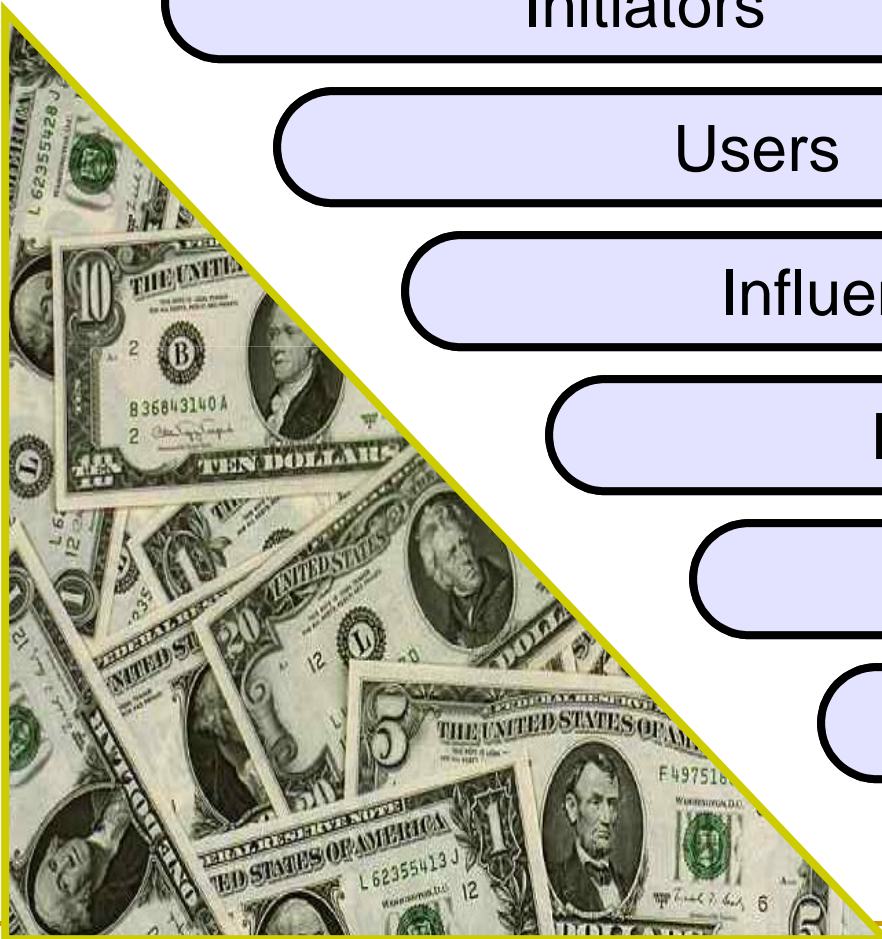
Influencers

Deciders

Approvers

Buyers

Gatekeepers



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# Sales Strategies

Small Sellers

Key Buying Influencers

Large Sellers

Multilevel In-depth Selling

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# Stages in the Buying Process

- Problem recognition
  - General need description
  - Product specification
  - Supplier search
  - Proposal solicitation
  - Supplier selection
  - Order-routine specification
  - Performance review
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# Buygrid Framework

		Buyclasses		
		New Task	Modified Rebuy	Straight Rebuy
BUYPHASES	1. Problem recognition	Yes	Maybe	No
	2. General need description	Yes	Maybe	No
	3. Product specification	Yes	Yes	Yes
	4. Supplier search	Yes	Maybe	No
	5. Proposal solicitation	Yes	Maybe	No
	6. Supplier selection	Yes	Maybe	No
	7. Order-routine specification	Yes	Maybe	No
	8. Performance review	Yes	Yes	Yes

# Forms of Electronic Marketplaces

The screenshot shows the Covisint website homepage. At the top left is the Covisint logo, with the tagline "a subsidiary of Compuware Corporation". To the right is a login section with fields for "User I.D." and "Password - Forget password?". Below the login fields is a navigation menu with tabs for "Covisint Services", "Industry Solutions", "Trading Partners", "About Covisint", and "Help". The main content area features a large banner with the text "Solutions and services to Connect. Communicate. Collaborate" and a sub-headline "Covisint is the leader in the automotive industry for sharing your business process with your suppliers and customers. We enable new levels of cooperation that will result in the financial rewards of greater efficiency." Below the banner is a sidebar with a "Language" dropdown and an "Enroll" button. The main content area also includes an "Announcement" section with the headline "Compuware Covisint Continues to Lower the Cost of Doing Business in the Automotive Industry With Two New Services" and a sub-headline "Solutions help companies securely share vital business information with partners". To the right of the announcement is a "Covisint" section with the text "Reduce the partner m provides a traditional" and a "Learn" button.

- Catalog sites
- Vertical markets
- Pure play auction sites
  - Spot markets
- Private exchanges
  - Barter markets
  - Buying alliances

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# Methods of e-Procurement

- Direct extranet links to major suppliers
  - Buying alliances
  - Company buying sites
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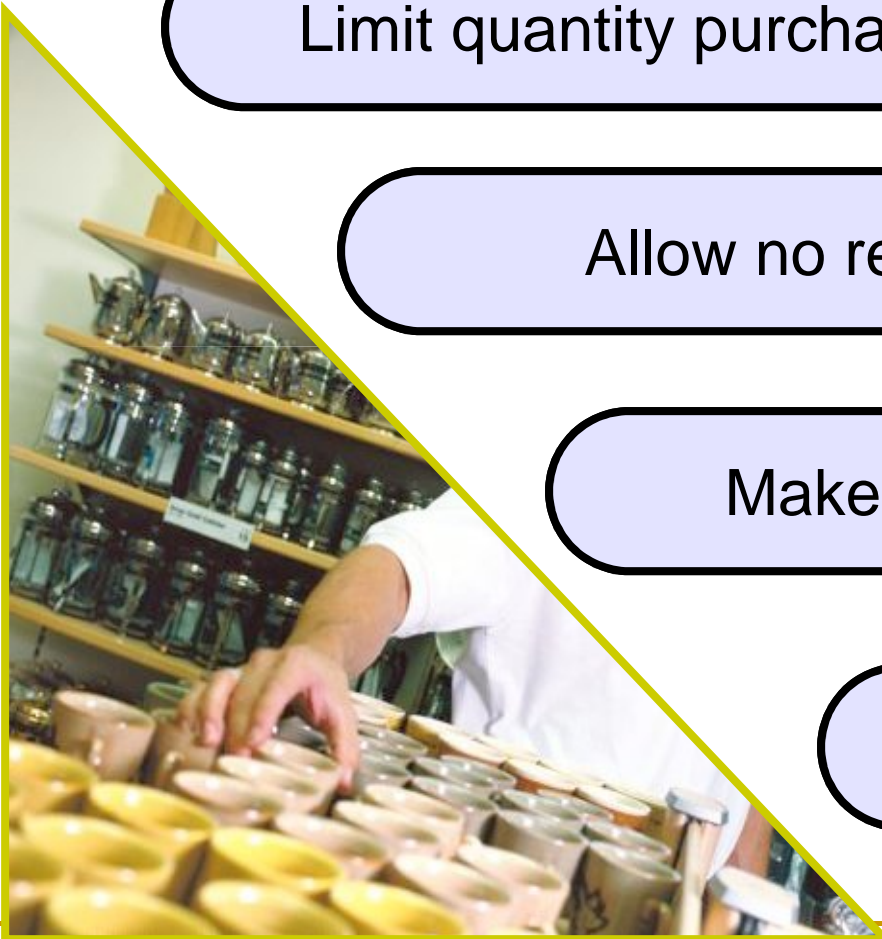
# Handling Price-Oriented Customers

Limit quantity purchased

Allow no refunds

Make no adjustments

Provide no services



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# Methods for Researching Customer Value

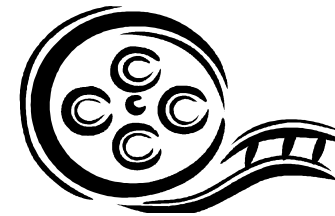
- Internal engineering assessment
  - Field value-in-use assessment
  - Focus-group value assessment
  - Direct survey questions
  - Conjoint analysis
  - Benchmarks
  - Compositional approach
  - Importance ratings
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# Order Routine Specification

Stockless  
purchase plans

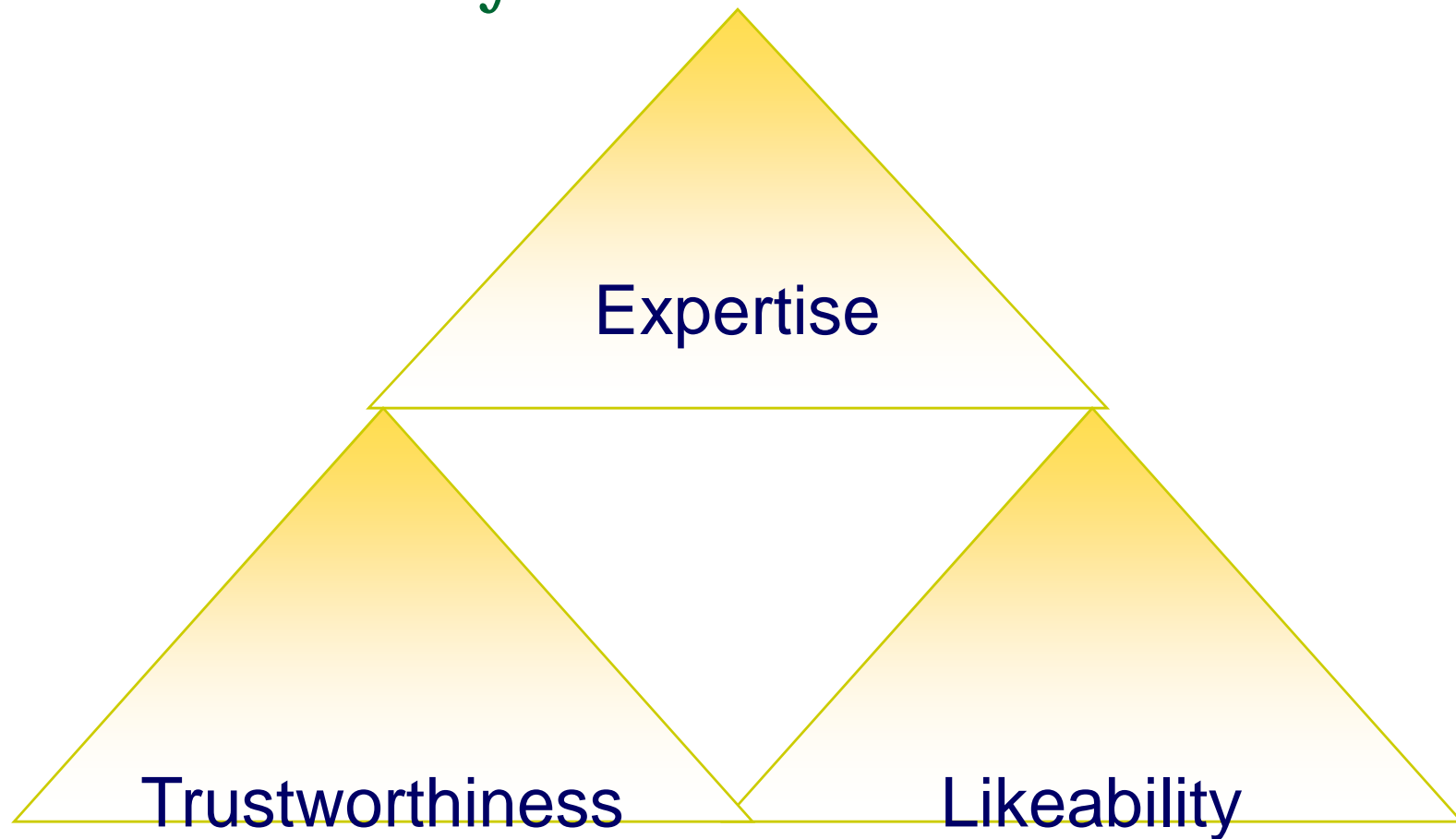
Vendor-managed  
inventory

Continuous  
replenishment



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# Establishing Corporate Trust and Credibility



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# Trust Dimensions

Transparent

Product/Service  
Quality

Incentive

Partnering

Cooperating  
Design

Product  
Comparison

Supply Chain

Pervasive  
Advocacy

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# Factors Affecting Buyer-Supplier Relationships

Availability of  
alternatives

Importance of  
supply

Complexity of  
supply

Supply market  
dynamism

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# Categories of Buyer-Seller Relationships

- Basic buying and selling
  - Bare bones
  - Contractual transaction
  - Customer supply
  - Cooperative systems
  - Collaborative
  - Mutually adaptive
  - Customer is king
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# What is Opportunism?

**Opportunism** is some form of cheating or undersupply relative to an implicit or explicit contract.

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# Marketing Debate

✓ how different is B-to-B marketing?

Take a position:

1. Business-to-business marketing requires a special, unique set of marketing concepts and principles.

*or*

2. Business-to-business marketing is really not that different and the basic marketing principles apply.